SOLUTIONS
Economic & Market Watch

March 17, 2025

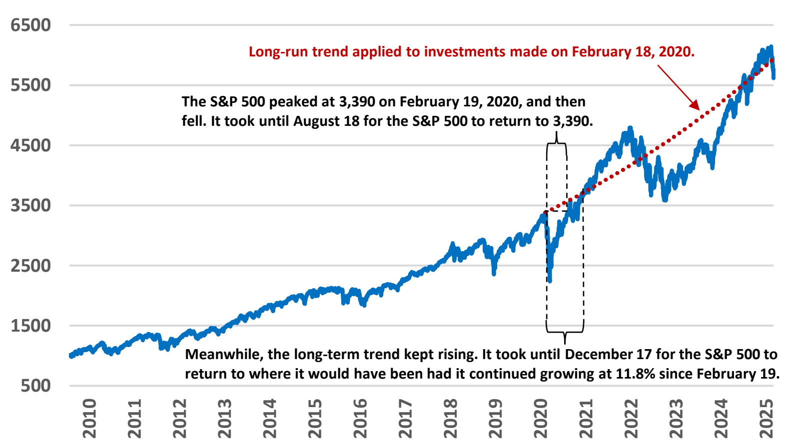
Economic & Market Watch Intelligence Brief

Briefing

- In the 1950s, fewer than 5% of U.S. households owned stock. Today, more than 20% own stock directly and over 60% own stock either directly or indirectly through, for example, mutual funds or pension plans (Figure 1).
- The S&P 500 is a weighted average index of the stock prices of 500 of the largest companies (by market capitalization) traded on U.S. stock exchanges. Because of the weighting, the 30 largest companies (6% of the 500) comprise 50% of the S&P 500 index (Figure 2). Just four stocks (Apple, Microsoft, Nvidia and Amazon) together comprise more than 20% of the S&P 500 index.
- The unweighted S&P 500 index gives equal weights to each of the 500 stocks (Figure 3). The unweighted S&P 500 index grows faster. However, because of the frequency that smaller companies are added and removed from the set of 500, rebalancing an unweighted S&P 500 portfolio involves more transaction and management fees.
- Following a decline, the S&P 500 takes 75 days on average to return to its previous high. Since 2009, the longest recovery followed the market's peak on January 3, 2022, at 4,794—more than two years elapsed before the market again reached 4,794.

Chart of the Week

S&P 500 Index



Commentary

Since 2009, the S&P 500 has grown at an average annual rate of 11.8%. Someone who invested $1,000 in the S&P 500 on January 1, 2009, would have over $6,300 today (ignoring taxes, transaction fees and dividends). However, the return can vary significantly over shorter time horizons.

For example, someone who invested $1,000 on February 19, 2020, would have seen the investment lose money before turning around and getting back to $1,000 on August 18—six months after the person made the original investment (Chart of the Week). It gets worse: Had the investment been earning the long-run return of 11.8% over that period, it would have been worth around $1,060 on August 18, not $1,000. It would take until December 17 for the investment to catch up to the long-run return, at which time it would be worth almost $1,100.

Timing matters: Had the person waited just one month to make the original $1,000 investment, the person would have missed the market drop and the investment would have been worth over $1,600 by December 17. Dollar cost averaging is an investment strategy intended to reduce the risk of investing at a peak. Rather than investing a sum all at once, one invests the money in multiple fixed amounts over time. While it helps in avoiding peaks, the strategy comes at the price of also reducing the chance of investing the full amount at a trough.

Snapshots

Figure 1. Fraction of US Households Owning Stock

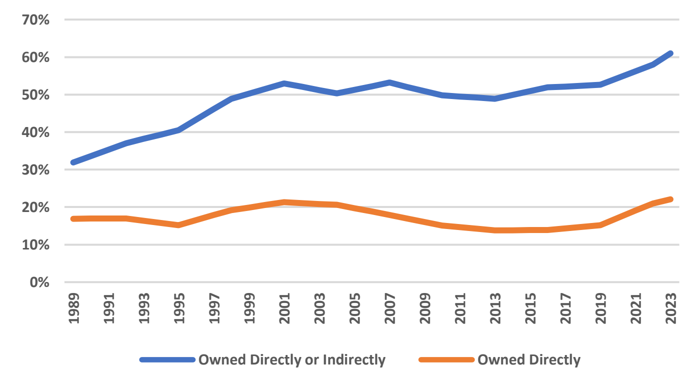


Figure 2. Cumulative Index Weights of the S&P 500 Stocks

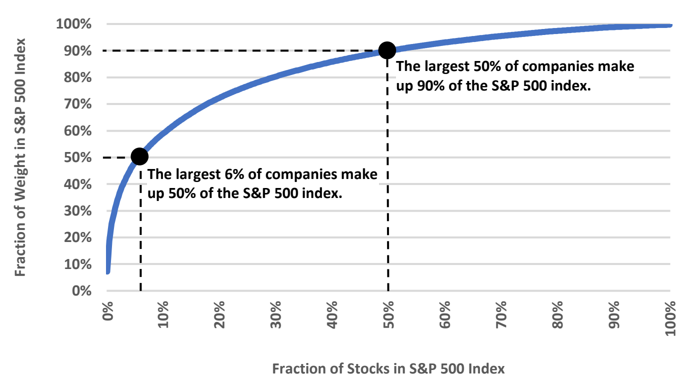
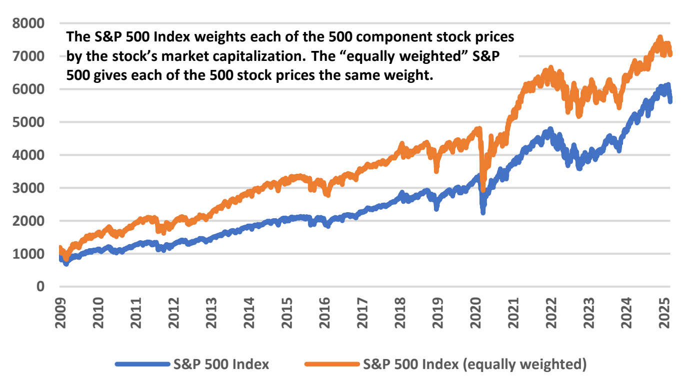


Figure 3. Weighted and Unweighted S&P 500 Indices



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Economic & Market Watch Dashboard

Key Indicators

INTEREST RATES[1]

	Current	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1
Fed Funds Target[2] (%)	4.50	4.50	4.25	4.00	4.00	3.75
SOFR (%)	4.30	4.20	4.00	3.90	3.80	3.75
2Y UST (%)	4.04	4.15	3.95	3.90	3.90	3.75
5Y UST (%)	4.09	4.25	4.15	4.10	4.05	4.00
10Y UST (%)	4.30	4.45	4.40	4.40	4.35	4.25
30Y UST (%)	4.59	4.70	4.70	4.70	4.65	4.55

ECONOMY

	Current	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1
PCE Inflation (YoY %)	2.5	2.8	2.6	2.5	2.5	2.5
CPI Inflation (YoY %)	2.8	2.8	2.7	2.6	2.6	2.8
Real GDP (QoQ %)	2.3	2.3	2.0	1.9	1.9	2.0
Unemployment (%)	4.1	4.3	4.3	4.3	4.3	4.3
Consumer Spending (QoQ %)	4.2	2.3	2.1	2.0	1.9	2.0
Industrial Production (YoY %)	2.0	0.7	0.7	1.0	1.6	1.5

Equities & Currency

	Current	Year ago
DJIA	41,653	38,790
Nasdaq	17,788	16,103
S&P 500	5,665	5,149
US Dollar Index	$1,263.01	$1,237.84

Commodities

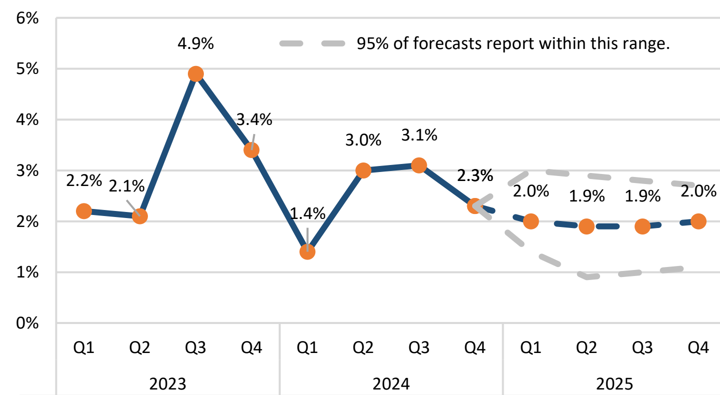
	Current	Year ago
Crude Oil (Per Barrel)	$67.82	$82.25
Natural Gas (Per MMBtu)	$4.06	$1.78
Coal (Per Short Ton)	$10.08	$12.96
Gold (Per Ounce)	$2,992.00	$2,135.7
Corn (Per Bushel)	$4.62	$4.29
Soybean (Per Bushel)	$10.12	$11.82

Industry

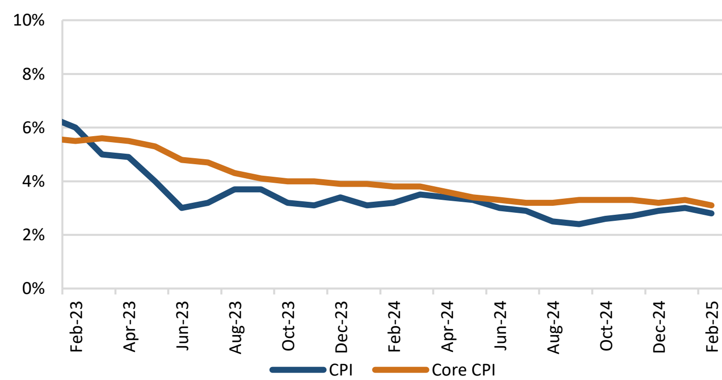
	Current	Year ago
Natural Gas Storage (Billion Cubic Feet)	1,698	2,326
U.S. Daily Power Consumption (MWh)	10,328,941	10,073,411
World Container Index (Per 40ft)	$2,368	$3,493

Forecasts

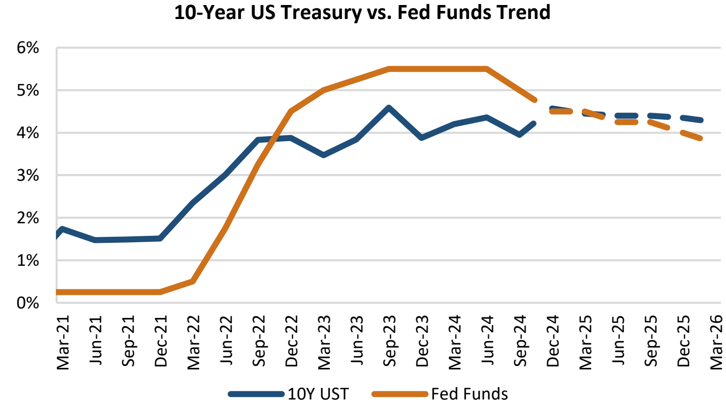
Real GDP Growth Trend



Headline vs. Core Inflation



10-Year US Treasury vs. Fed Funds Trend



[1] Unless otherwise indicated, forecasts are from the Blue Chip Professional Forecasters
[2] Target rate forecast is based on futures market contracts

Source: Blue Chip Financial Forecasts, Trading Economics, Moody's Analytics, Statista, Trading Economics, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, U.S. Energy Information Administration, U.S. Treasury Department, Federal Reserve Bank of Atlanta, Federal Reserve Bank of New York, Federal Reserve Bank of St. Louis, International Monetary Fund, World Bank, University of Michigan, The Conference Board.